



**STATE OF RHODE ISLAND AND PROVIDENCE
PLANTATIONS**

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memorandum

**To: L. Massaro
Commission Clerk**

**From: Al Contente
Division of Public Utilities & Carriers**

Date: 6/18/2020

Re: Docket 4690: Block Island Utility District Standard Offer and Transmission Charge – Request for Rate Changes Effective July 1, 2020

On June 1, 2020, the Block Island Utility District (“District” or “BIUD”) filed a second-rate change application for Standard Offer Service (“SOS”) and Transmission Service within a two-month period. The reason for the filing was due to the lower than expected Kilo-watt-hour (kWh) sales forecast for the upcoming period due to the COVID19 situation. The District realized they “significantly overstated projected kWh sales”¹ in the last filing. BIUD’s filing included the current and proposed tariffs, the proposed Notice, and the prefiled testimony of David Bebyn and Jeffrey Wright.

The filing explains that BIUD realized fairly typical sales for the period January through April of this year. However, the anticipated seasonal increase in sales after April didn’t materialized as would normally be the case. For the month of May, sales were actually down by about 23% for the month as businesses and restaurants weren’t opening as usual due to state and

¹ David Bebyn Pre-filed at p1, 117

local restrictions related to COVID19. Without a change in rates, BIUD estimated that it would have an under collection of \$213,039².

BIUD requested an effective date of July 1, 2020 for new SOS and Transmission rates to reflect the reduced consumption. Following is a summary from BIUD filing showing the current and proposed rates.

Factor (Oct – May)	Current	Proposed (7/1/20)	Difference
Standard Offer	\$0.0914	\$0.1000	\$0.0086
Transmission	\$0.0762	\$0.0896	\$0.0134
Fuel Adjustment	\$0.0000	\$0.0000	\$0.0000
Total	\$0.1676	\$0.1896	\$0.0220

Factor (Jun – Sep)	Current	Proposed (7/1/20)	Difference
Standard Offer	\$0.0914	\$0.1000	\$0.0086
Transmission	\$0.0762	\$0.0896	\$0.0134
Fuel Adjustment	\$0.0100	\$0.0100	\$0.0000
Total	\$0.1776	\$0.1996	\$0.0220

A residential customer using 500 Kilowatt-hours for a given month would currently pay \$138.55 during November through April, \$165.05 during May & October, \$170.05 during June & September and \$241.30 during July & August. Under the proposed new rates, customers' bills would increase to \$140.55 during November through April, \$176.05 during May & October, \$181.05 during June & September and \$252.30 during July & August, which is an increase of \$11.00 per month as shown below.

Period	Current Cost/Mo	Proposed Cost//Mo (7/1/20)	Increase Cost/Mo
November - April	\$138.55	\$140.55	\$11.00
May & October	\$168.05	\$176.05	\$11.00
June & September	\$170.05	\$181.05	\$11.00
July & August	\$241.30	\$252.30	\$11.00

The only changes between this filing and the recently approved SOS and Transmission rate filing relate to an update of the sales estimate and a related adjustment to the estimated energy costs to reflect lower energy purchases due to reduced consumption. Mr. Wright explains in his testimony that he developed revised sales estimates with input from key accounts and other stakeholders. The revisions cover the months of May through September with no adjustments to the subsequent months because a more normal load profile is anticipated after the summer tourist season. BIUD's revised sales forecast for the 12-month period ending April 30, 2021 is

² Schedule DGB-5

11,333,571 kWh's which is a reduction of approximately 1,650,000 kWh's from its original estimate of 12,985,398 kWh's. The estimated reduction in energy costs is approximately \$64,000. Over half of the costs that go into the SOS rate are fixed so even though the reduction in sales was over 12%, the reduction in estimated SOS costs was only about 6%.

I reviewed the filing in its entirety and found BIUD's method of updating its sales and energy costs to be reasonable and the calculations of the proposed rates to be accurate. It is unfortunate that this proposed rate change comes 30 days after new SOS and transmission rates went into place. However, without a rate change at this time, BIUD will experience a significant under recovery of costs which may lead to an even larger rate increase in the future. Based on my review of the filing, I recommend the Commission approve the rates as filed.